

## Message Text

CONFIDENTIAL

PAGE 01 LUANDA 01499 072057Z

65

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 ERDA-05 AID-05 CEA-01

CIEP-01 COME-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSC-05 OMB-01 PM-04 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 LAB-04 SIL-01 OPIC-03 /100 W  
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FM AMCONSUL LUANDA

TO SECSTATE WASHDC IMMEDIATE 4262

INFO AMEMBASSY LUSAKA

AMEMBASSY LISBON

AMEMBASSY KINSHASA

AMEMBASSY PRETORIA

AMEMBASSY LONDON

CINCLANT

CINCEUR

C O N F I D E N T I A L LUANDA 1499

E.O. 11652: GDS

TAGS: ENRG, EINV

SUBJ: TEXACO PROBLEMS WITH FNLA AND FORMER CONTRACTORS

1. THE MANAGER OF TEXACO EXPLORATION, DENNIS GREGSON, HAS BEEN IN TO SEE US SEVERAL TIMES IN RECENT DAYS TO DISCUSS DEVELOPMENTS RELATED TO THE EXPORT OF CRUDE FROM THE PETRO ANGOL FIELDS IN NORTHERN ANGOLA. HE ALSO DETAILED TO ME CERTAIN PROBLEMS CAUSED BY FORMER TEXACO CONTRACTORS WHO LEFT ANGOLA OWING MONEY TO LOCAL EMPLOYEES AND ASKED FOR MY ASSISTANCE IN DETERMINING THE BONA FIDES OF ANGOLAN LABOR LEADERS WITH WHOM HE IS DEALING. AND IN OBTAINING AN APPOINTMENT WITH THE SECRETARY FOR ENERGY.

2. IN NORTHWESTERN ANGOLA, PETROANGOLA, ANGOL AND TEXACO HAVE  
CONFIDENTIAL

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PAGE 02 LUANDA 01499 072057Z

A PETROLEUM CONCESSION SHARED ON A 50-25-25 PER CENT BASIS, RESPECTIVELY. THE PUMPING FACILITY AT CABECA DE COBRA IS UNDER FNLA CONTROL, AND FNLA HAS MADE IT CLEAR THAT IT WANTS THE ROYALTIES AND TAXES DUE ON ALL CRUDE OIL EXPORTED. RATHER THAN SPLIT UP THE PROCEEDS OF EVERY TANKER, EACH MEMBER OF THE CONSORTIUM IS GIVEN THE PROCEEDS OF AN ENTIRE TANKER ON A ROTATING BASIS AND TEXACO SENT A TANKER OUT IN LATE SEPTEMBER.

3. FNLA FINANCE CHIEF, VIEIRA LOPES, TOLD THE MANAGER OF PETROANGOL THAT ALL ROYALTIES AND TAXES SHOULD BE DEPOSITED TO THE ACCOUNT OF FNLA AND THAT UNDER NO CIRCUMSTANCES SHOULD ANY CRUDE OR FOREIGN EXCHANGE BE SENT TO LUANDA. THERE IS A MORATORIUM ON ALL PETROANGOL PAYMENTS UNTIL 1976; NO SUCH MORATORIUM APPLIES TO TEXACO, BUT TEXACO'S ROYALTY PAYMENTS FOR THE SECOND HALF OF 1975 ARE NOT DUE UNTIL FEBRUARY 1976 AND CORPORATE TAXES ON PROFITS ARE NOT DUE UNTIL ABOUT MAY, 1976. HENCE, NO MONIES ARE DUE TO BE PAID UNTIL NEXT YEAR. WHEN INFORMED OF THIS BAD NEWS, AN FNLA REPRESENTATIVE TOLD THE PETROANGOL MANAGER THAT FNLA WANTED A LOAN NOW FROM THE CONSORTIUM AND SOME CRUDE DELIVERED TO THE REFINERY AT BANANA IN ZAIRE; THE LOAN WILL BE CREDITED AGAINST TAXES OWED. ACCORDING TO THE REPRESENTATIVE, FNLA IS DESPERATELY SHORT OF CASH AND HAS NO MONEY TO PAY CIVIL SERVANTS OR ITS OWN PEOPLE.

4. THE PETROANGOL MANAGER WENT TO THE HIGH COMMISSIONER AND TOLD HIM THE CONSORTIUM PROPOSED TO PAY NOTHING TO ANYONE. THE ADMIRAL SAID THAT SOUNDED LIKE A FINE IDEA.

5. THE FNLA'S DEMAND THAT THE CONSORTIUM NOT GIVE ANYTHING TO MPLA HAS PUT THE COMPANY IN A DIFFICULT POSITION WITH RESPECT TO THE TANKER LOAD OF CRUDE THAT WENT OUT IN SEPTEMBER; FOREIGN EXCHANGE EARNED BY THE SALE OF PETROLEUM ABROAD MUST BE BROUGHT IMMEDIATELY INTO ANGOLA AND MAY ONLY BE RE-EXPORTED AFTER A PERMIT IS ISSUED. IF THE GOVERNMENT IN LUANDA ASKS ABOUT THE PROCEEDS OF THE TEXACO TANKER, THE COMPANY PLANS TO SAY IT HAD EARLIER APPLIED FOR PERMISSION TO REPATRIATE TEN MILLION DOLLARS IN ORDER TO REPAY LOANS FROM TEXACO, INC. AND TO MEET OBLIGATIONS TO CONTRACTORS, BUT THAT THE SUPERINTENDENT OF CREDIT HAS NOT YET REPLIED TO THE REQUEST. IN THE CIRCUMSTANCES, TEXACO WILL SAY, THE PROCEEDS FROM THE TANKER WILL BE USED TO MEET THOSE COMMITMENTS.

6. GREGSON TOLD ME THAT UNITA (NATIONAL UNION OF ANGOLAN WORKERS, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LUANDA 01499 072057Z

AND MPLA AFFILIATE) OFFICIALS IN CABINDA ARE CLAIMING BACK WAGES AND OVERTIME FROM THREE FORMER TEXACO CONTRACTORS: READING AND BATES, SEDCO AND RIGG CATERING. WORKERS REPRESENTATIVES CLAIM THAT RIGG LEFT OWING 48,000 DOLLARS AND GREGSON WANTS TO PAY THE CLAIM. RIGG ITSELF ADMITS OWING \$40,000. THE OTHER TWO CLAIMS ARE LESS SPECIFIC; IN THE CASE OF READING AND BATES, THE CHARGE IS

MADE THAT THE COMPANY WRONGLY CLASSIFIED ITS EMPLOYEES AND IN ADDITION DID NOT PAY THEM OVERTIME. TOTAL CLAIMED IS ABOUT 200,000 DOLLARS. THE CLAIM AGAINST SEDCO AS YET HAS NO DOLLARS FIGURE AGAINST IT. TEXACO REPS WENT TO CABINDA RECENTLY TO DISCUSS THE PROBLEMS AND WERE DETAINED BRIEFLY. ON OCTOBER 4, TWO REPRESENTATIVES OF THE WORKERS CAME DOWN FROM CABINDA TO NEGOTIATE WITH TEXACO. ACCORDING TO GREGSON, THEY SPENT TIME OVER THE WEEKEND AT MPLA HEADQUARTERS AND APPARENTLY ARE OBLIGED TO REPORT BACK

THERE. GREGSON ASK ME IF I COULD FIND OUT IF THE TWO MEN FROM CABINDA DID, IN FACT, SPEAK FOR UNTA. I TALKED WITH ARISTIDES VAN DUNEM OF THE UNTA NATIONAL HEADQUARTERS, WHO TOLD ME HE WOULD CHECK THE MATTER OUT AND LET ME KNOW.

7. GREGSON CALLED ME OCTOBER 7 TO SAY HE WAS VERY CONCERNED ABOUT THE POSSIBILITY OF BEING THROWN IN JAIL, OR OF HIS EMPLOYEES BEING DETAINED. TEXACO INC. HAS AUTHORIZED HIM TO SEND ONLY 36,700 DOLLARS NOW AND TOLD HIM TO DETERMINE WHICH CLAIMS ARE JUST AND LET THE COMPANY KNOW. GREGSON BELIEVES THAT SUCH AN ATTITUDE IS BOUND TO LAND THE COMPANY IN TROUBLE AND HIMSELF OR HIS PEOPLE HERE IN THE CLINK. SECONDLY, HE DOES NOT HAVE THE MEANS TO CHECK WHICH CLAIMS ARE VALID AND WHICH ARE NOT; PAYROLL AND OTHER RECORDS WERE KEPT BY THE CONTRACTORS, NOT BY TEXACO.

8. GREGSON WANTED TO SEE THE SECRETARY OF STATE FOR ENERGY RIGHT AWAY. I CALLED LOPES TEXEIRA, THE SECRETARY, BUT HE POINTED OUT THAT UNDER A NEW RULING OF THE GOVERNMENT ALL REQUESTS FOR APPOINTMENTS WITH MINISTERS AND SECRETARIES MUST BE CHanneled THROUGH THE OFFICE OF LOPO DO NASCIMENTO, THE MPLA MEMBER OF THE NOW DEFUNCT PRESIDENTIAL COUNCIL. NASCIMENTO DECIDES, AFTER TALKING WITH PETITIONERS, TO WHOM THEY SHOULD ADDRESS THEMSELVES, AND MAKES THE APPOINTMENT FOR THEM, A CUMBERSOME PROCEDURE DESIGNED TO ENSURE PARTY CONTROL AT THE EXPENSE OF ACTION. I AM NOW MAKING ARRANGEMENTS FOR GREGSON TO SEE NASCIMENTO.

CONFIDENTIAL

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PAGE 04 LUANDA 01499 072057Z

9. GREGSON'S FEARS OF BEING DETAINED ARE NOT UNFOUNDED; AN OFFICIAL OF FIELD VIKING, A RECENT GULF CONTRACTOR, WAS DETAINED BY THE MPLA IN CABINDA A LITTLE OVER A WEEK AGO WHEN HE WENT THERE TO STRAIGHTEN OUT MONEY OWED BY FIELD TO FORMER EMPLOYEES. THE GULF MANAGER GUARANTEED THAT THE FIELD REP WOULD STAY IN COUNTRY

UNTIL THE MATTER WAS SOLVED AND HE WAS RELEASED. FIELD VERY DEFINITELY HAD AVOIDED PAYING ITS JUST DEBTS AND HAS NOW PAID OFF SOMETHING OVER 200,000 DOLLARS. AS LONG AS THE CONTRACTORS WHO

COME

OUT HERE ACT LIKE A BUNCH OF DEADBEATS, WE ARE GOING TO HAVE THESE PROBLEMS. THE USUAL, COMFORTABLE, PROTRACTED LEGAL ROUTINE HAS BEEN SHORT-CIRCUITED BY THE DIRECT ACTION OF THE MPLA AND THE WORKERS AND THEIR REVOLUTIONARY FERVOR.

10. I RECOMMEND THAT THE DEPARTMENT GET TEXACO ON THE PHONE AND TELL THEM THAT 36,700 DOLLARS IS NOT GOING TO DO THE JOB; GREGSON WANTS TO PAY THE 48,000 DOLLARS DEMANDED ON BEHALF OF THE FORMER RIGG CATERER EMPLOYEES AND HE MUST ALSO HAVE SOME ASSURANCE THAT TEXACO IS PREPARED TO PAY SUBSTANTIAL SUMS IN THE READING AND BATES CASE. KILLORAN

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